

FISCAL NOTE

SB 3931 - HB 4049

March 31, 2006

SUMMARY OF BILL: Authorizes the application of industrial machinery tax credits, which are currently equal to 1% of the purchase price, and are currently allowed against the taxpayer's excise tax liability, to be used against the taxpayer's sum total franchise and excise tax liability. Defines "time-share use" and "time-share estate" as they would apply to current sales and use tax law. Authorizes sales and use taxation on charges made for "time-share use." Prohibits sales and use taxation on charges made for time-share estates.

ESTIMATED FISCAL IMPACT:

Decrease State Revenues – Net Impact - Exceeds \$1,000,000

Increase State Expenditures - \$100,000 One-Time

Increase Local Govt. Revenues – Exceeds \$375,000

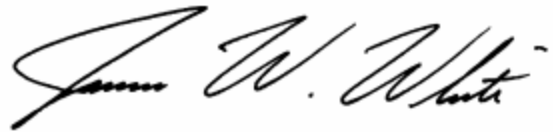
Assumptions:

- A business that purchased industrial machinery on or after July 1, 1984 is currently authorized a tax credit against their excise tax liability equal to 1% of the purchase price of the industrial machinery.
- According to the Department of Revenue, extending the current excise tax credit (for industrial machinery) to the franchise tax will cause state revenues to decrease by approximately \$3,000,000 per year.
- "Time-share use" means any contractual right of exclusive occupancy which does not fall within the definition of a "time-share estate" including, without limitation, a vacation license, prepaid hotel reservation, club membership, vacation club interest, limited partnership or vacation bond.
- "Time-share estate" means an ownership or leasehold estate in property devoted to a time-share fee, tenants in common, time span ownership, interval ownership, and a time-share lease.
- Incremental state sales tax revenue derived from charges made for time-share use is estimated to exceed \$2,000,000 per year.
- The net impact to state revenues is estimated to be a decrease exceeding \$1,000,000 per year.

- Incremental local option tax revenue derived from charges made for time-share use is estimated to exceed \$375,000 per year.
- A one-time increase to state expenditures for software modifications is estimated to be \$100,000.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive, flowing style.

James W. White, Executive Director